

ORIGINAL



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OPEN MEETING AGENDA ITEM

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BEFORE THE ARIZONA CORPORATION COMMISSION

2016 FEB -1 P 4:15

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

AZ CORP COMMISSION

DOCKET CONTROL

DOUG LITTLE – Acting Chairman
BOB STUMP
BOB BURNS
TOM FORESE

DOCKETED BY

KL

IN THE MATTER OF THE APPLICATION
OF BN LEASING CORPORATION., A
DELAWARE CORPORATION, d.b.a.
AUBREY WATER COMPANY, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANT AND PROPERTY
AND FOR INCREASES IN ITS WATER
RATES AND CHARGES FOR UTILITY
SERVICE BASED THEREON.

DOCKET NO: W-03476A-15-0286

**NOTICE OF PROPOSAL TO
EXTEND RATE PHASE-IN PERIOD
TO FIVE YEARS UNDER
SETTLEMENT AGREEMENT**

BN Leasing Corporation, d.b.a. Aubrey Water Company, an Arizona public service corporation (“Aubrey” or the “Company”), hereby submits this Notice of Proposal to Extend Rate Phase-In Period to Five Years.

Aubrey thanks Commission Staff for working with the Company to enter into a settlement agreement that Aubrey believes will serve the public interest. The Company adopted Staff’s recommendation in the Settlement Agreement for a three (3) year phase-in in order to soften the impact of the rate increase on customers. Since that time, Aubrey executives have determined that a five (5) year rate phase-in would further help alleviate the impact to residential ratepayers and the community of Seligman, Arizona. The proposal includes a phase-in of the increase to the bulk water rate, whereas under the current Settlement Agreement, the total increase to bulk water rate would have occurred in year one. The Company kept Staff informed of the internal discussions going on since the recommended opinion and order was filed on January 13, 2016. As this proposal will

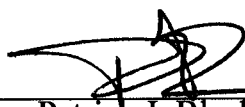
1 provide further benefits to ratepayers, the Company understands that Commission Staff
2 does not oppose the adoption of a five-year phase in.

3 Attached hereto as Exhibit 1 are revised schedules reflecting a five-year phase in
4 on newly implemented rates. Attached hereto as Exhibit 2 is a signed signature page to
5 the Settlement Agreement on behalf of Aubrey Water Company. Attached hereto as
6 Exhibit 3 is a proposed amendment that would modify the current recommended opinion
7 and order to adopt the Company's proposal for a five-year rate phase-in.

8 The Company believes that its phase-in proposal further serves the public interest,
9 and strongly encourages the Commission to modify the recommended opinion and order
10 accordingly.

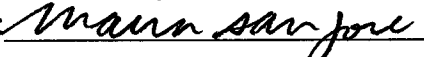
11 RESPECTFULLY SUBMITTED this 1st day of February, 2016.

12
13
14 By


Patrick J. Black
FENNEMORE CRAIG, P.C.
2394 E. Camelback Road
Suite 600
Phoenix, Arizona 85016
Attorneys for Aubrey Water Co.

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18
19 ORIGINAL and thirteen (13) copies filed
20 this 1st day of February, 2016, with:

21 Docket Control
22 Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

23
24 By: 
25
26

1 **COPY** hand delivered
this 1st day of February, 2016, to:

2 Commissioner Doug Little
3 Arizona Corporation Commission
1200 W. Washington St.
4 Phoenix, AZ 85007

5 Commissioner Bob Stump
6 Arizona Corporation Commission
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7 Commissioner Bob Burns
8 Arizona Corporation Commission
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10 Commissioner Tom Forese
11 Arizona Corporation Commission
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12 Dwight Nodes
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14 1200 W. Washington St.
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15 Janice Alward, Chief Counsel
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Arizona Corporation Commission
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22 By: Maria San Jose
23
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26

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Exhibit 1

Line

No.

<u>General Water Service Rates</u>								
Description	Present	Company	Settlement Rates with 5-Year Phase-In					
	Rate	Proposed	Year 1	Year 2	Year 3	Year 4	Year 5	
Monthly Base Charge								
5/8" x 3/4" Meter (All Classes)	\$ 12.50	\$ 30.30	\$ 16.50	\$ 19.55	\$ 22.66	\$ 25.68	\$ 28.50	
3/4" Meter (All Classes)	16.00	45.45	20.25	24.00	27.85	31.55	35.00	
1" Meter (All Classes)	30.00	75.75	43.45	51.45	59.65	67.60	75.00	
1.5" Meter (All Classes)	50.00	151.50	83.95	99.45	115.30	130.65	145.00	
2" Meter (All Classes)	80.00	242.40	133.15	157.80	182.85	207.25	230.00	
3" Meter (All Classes)	160.00	484.80	188.20	222.95	258.40	292.85	325.00	
4" Meter (All Classes)	300.00	757.50	353.20	418.45	484.95	549.60	610.00	
6" Meter (All Classes)	500.00	1,515.00	590.60	699.70	810.90	919.00	1,020.00	
8" Meter (All Classes)	n/t	n/t	1,320.10	1,564.10	1,812.60	2,054.30	2,280.00	
Bulk Water - Metered ¹	None	20.00	20.00	20.00	20.00	20.00	20.00	
Bulk Water - Standpipe ²	None	None	None	None	None	None	None	
Commodity Rates								
<u>5/8" x 3/4" Meter (All Classes)</u>								
Charge Per 1,000 gallons								
From 1 to 3,000 Gallons	1.75		2.10	2.63	3.15	3.68	4.20	
From 3,001 to 10,000 Gallons	2.25		2.70	3.38	4.05	4.73	5.40	
Over 10,000 Gallons	2.70		3.15	3.94	4.73	5.52	6.30	
From 1 to 3,000 Gallons		4.25						
From 3,001 to 11,000 Gallons		5.50						
Over 11,000 Gallons		6.40						
<u>3/4" Meter (All Classes)</u>								
From 1 to 3,000 Gallons	1.75		2.10	2.63	3.15	3.68	4.20	
From 3,001 to 10,000 Gallons	2.25		2.70	3.38	4.05	4.73	5.40	
Over 10,000 Gallons	2.70		3.15	3.94	4.73	5.52	6.30	
From 1 to 3,000 Gallons		4.25						
From 3,001 to 20,000 Gallons		5.50						
Over 20,000 Gallons		6.40						
<u>1" Meter (All Classes)</u>								
From 1 to 3,000 Gallons	1.75							
From 3,001 to 10,000 Gallons	2.25							
Over 10,000 Gallons	2.70							
From 1 to 28,000 Gallons		5.50	2.70	3.38	4.05	4.73	5.40	
Over 28,000 Gallons		6.40	3.15	3.94	4.73	5.52	6.30	
<u>1.5" Meter (All Classes)</u>								
From 1 to 3,000 Gallons	1.75							
From 3,001 to 10,000 Gallons	2.25							
Over 10,000 Gallons	2.70							
From 1 to 48,000 Gallons		5.50	2.70	3.38	4.05	4.73	5.40	
Over 48,000 Gallons		6.40	3.15	3.94	4.73	5.52	6.30	
<u>2" Meter (All Classes)</u>								
From 1 to 3,000 Gallons	1.75							
From 3,001 to 10,000 Gallons	2.25							
Over 10,000 Gallons	2.70							
From 1 to 112,000 Gallons		5.50	2.70	3.38	4.05	4.73	5.40	
Over 112,000 Gallons		6.40	3.15	3.94	4.73	5.52	6.30	

Exhibit: Settlement 5-YR
Schedule H-3
Page 2

Line No.								
1	General Water Service Rates (Continued)							
2		Present	Company	Settlement				
3	Description	Rate	Proposed	Year 1	Year 2	Year 3	Year 4	Year 5
4								
5	Commodity Rates							
6	3" Meter (All Classes)							
7	From 1 to 3,000 Gallons	1.75						
8	From 3,001 to 10,000 Gallons	2.25						
9	Over 10,000 Gallons	2.70						
10	From 1 to 160,000 Gallons		5.50	2.70	3.38	4.05	4.73	5.40
11	Over 160,000 Gallons		6.40	3.15	3.94	4.73	5.52	6.30
12								
13	4" Meter (All Classes)							
14	From 1 to 3,000 Gallons	1.75						
15	From 3,001 to 10,000 Gallons	2.25						
16	Over 10,000 Gallons	2.70						
17	From 1 to 250,000 Gallons		5.50	2.70	3.38	4.05	4.73	5.40
18	Over 250,000 Gallons		6.40	3.15	3.94	4.73	5.52	6.30
19								
20	6" Meter (All Classes)							
21	From 1 to 3,000 Gallons	1.75						
22	From 3,001 to 10,000 Gallons	2.25						
23	Over 10,000 Gallons	2.70						
24	From 1 to 500,000 Gallons		5.50	2.70	3.38	4.05	4.73	5.40
25	Over 500,000 Gallons		6.40	3.15	3.94	4.73	5.52	6.30
26								
27	8" Meter (All Classes)							
28	From 1 to 1,000,000 Gallons	n/t	5.50	2.70	3.38	4.05	4.73	5.40
29	Over 1,000,000 Gallons	n/t	6.40	3.15	3.94	4.73	5.52	6.30
30								
31	Bulk Water - Metered ¹	5.00	12.00	6.40	7.80	9.20	10.60	12.00
32								
33	Bulk Water - Standpipe ²	5.00	12.00	6.40	7.80	9.20	10.60	12.00
34								
35	¹ Includes Bulk Water delivered for resale from the Company's bulk water fill station and Bulk Water delivered for construction and other							
36	uses from a fire hydrant meter or similar connection where the customer is billed monthly in arrears for water used.							
37	Company may, at its option, close account of a Bulk Water - Metered customer after three consecutive months of zero usage.							
38	² Includes Bulk Water delivered from the Company's automated standpipe where the customer pays for water in advance of delivery.							
39	Standpipe customers pay only for the quantity of water purchased from the Standpipe facility and are not subject to a minimum charge.							
40								
41	n/t - no tariff							
42								
43	Monthly Service Charge for Fire Sprinkler							
44			Company					
45			Proposed &					
46		Present	Settlement					
47		Rate	Rate					
48	All Meter Sizes	n/t	*					
49								
50	* Greater of \$10.00 or 2 percent of the general service rate for a similar size meter							
51								

Aubrey Water Company
Test Year Ended December 31, 2014
Typical Bill Analysis

Exhibit:

Settlement 5-YR
Schedule H-4

First Step - Year 1

Class: Residential
Meter Size: 5/8" x 3/4"

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	<u>Present Rates:</u>	-	\$ 12.50	\$ 16.50	\$ 4.00	32.00%
2	Base Charge:	\$ 12.50	1,000 \$ 14.25	\$ 18.60	\$ 4.35	30.53%
3			2,000 \$ 16.00	\$ 20.70	\$ 4.70	29.38%
4			3,000 \$ 17.75	\$ 22.80	\$ 5.05	28.45%
5	Tier One Rate:	\$ 1.75	4,000 \$ 20.00	\$ 25.50	\$ 5.50	27.50%
6	Tier Two Rate:	\$ 2.25	5,000 \$ 22.25	\$ 28.20	\$ 5.95	26.74%
7	Tier Three Rate:	\$ 2.70	6,000 \$ 24.50	\$ 30.90	\$ 6.40	26.12%
8			7,000 \$ 26.75	\$ 33.60	\$ 6.85	25.61%
9	Tier One Breakover (M gal):	3	8,000 \$ 29.00	\$ 36.30	\$ 7.30	25.17%
10	Tier Two Breakover (M gal):	10	9,000 \$ 31.25	\$ 39.00	\$ 7.75	24.80%
11			10,000 \$ 33.50	\$ 41.70	\$ 8.20	24.48%
12			12,000 \$ 38.90	\$ 48.00	\$ 9.10	23.39%
13			14,000 \$ 44.30	\$ 54.30	\$ 10.00	22.57%
14	<u>Proposed Rates:</u>		16,000 \$ 49.70	\$ 60.60	\$ 10.90	21.93%
15	Base Charge:	\$ 16.50	18,000 \$ 55.10	\$ 66.90	\$ 11.80	21.42%
16			20,000 \$ 60.50	\$ 73.20	\$ 12.70	20.99%
17			25,000 \$ 74.00	\$ 88.95	\$ 14.95	20.20%
18	Tier One Rate:	\$ 2.10	30,000 \$ 87.50	\$ 104.70	\$ 17.20	19.66%
19	Tier Two Rate:	\$ 2.70	35,000 \$ 101.00	\$ 120.45	\$ 19.45	19.26%
20	Tier Three Rate:	\$ 3.15	40,000 \$ 114.50	\$ 136.20	\$ 21.70	18.95%
21			45,000 \$ 128.00	\$ 151.95	\$ 23.95	18.71%
22	Tier One Breakover (M gal):	3	50,000 \$ 141.50	\$ 167.70	\$ 26.20	18.52%
23	Tier Two Breakover (M gal):	10	60,000 \$ 168.50	\$ 199.20	\$ 30.70	18.22%
24			70,000 \$ 195.50	\$ 230.70	\$ 35.20	18.01%
25			80,000 \$ 222.50	\$ 262.20	\$ 39.70	17.84%
26			90,000 \$ 249.50	\$ 293.70	\$ 44.20	17.72%
27			100,000 \$ 276.50	\$ 325.20	\$ 48.70	17.61%
28						
29		Average Usage				
30		4,656	\$ 21.48	\$ 27.27	\$ 5.79	26.96%
31		Median Usage				
32		2,470	\$ 16.82	\$ 21.69	\$ 4.87	28.95%
33						
34						

Aubrey Water Company
Test Year Ended December 31, 2014
Typical Bill Analysis

Exhibit:

Settlement 5-YR
Schedule H-4

Second Step - Year 2

Class: Residential
Meter Size: 5/8" x 3/4"

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	<u>Present Rates:</u>	-	\$ 12.50	\$ 19.55	\$ 7.05	56.40%
2	Base Charge:	1,000	\$ 14.25	\$ 22.18	\$ 7.93	55.65%
3		2,000	\$ 16.00	\$ 24.81	\$ 8.81	55.06%
4		3,000	\$ 17.75	\$ 27.44	\$ 9.69	54.59%
5	Tier One Rate:	4,000	\$ 20.00	\$ 30.82	\$ 10.82	54.10%
6	Tier Two Rate:	5,000	\$ 22.25	\$ 34.20	\$ 11.95	53.71%
7	Tier Three Rate:	6,000	\$ 24.50	\$ 37.58	\$ 13.08	53.39%
8		7,000	\$ 26.75	\$ 40.96	\$ 14.21	53.12%
9	Tier One Breakover (M gal):	3	\$ 29.00	\$ 44.34	\$ 15.34	52.90%
10	Tier Two Breakover (M gal):	10	\$ 31.25	\$ 47.72	\$ 16.47	52.70%
11		10,000	\$ 33.50	\$ 51.10	\$ 17.60	52.54%
12		12,000	\$ 38.90	\$ 58.98	\$ 20.08	51.62%
13		14,000	\$ 44.30	\$ 66.86	\$ 22.56	50.93%
14	<u>Proposed Rates:</u>	16,000	\$ 49.70	\$ 74.74	\$ 25.04	50.38%
15	Base Charge:	18,000	\$ 55.10	\$ 82.62	\$ 27.52	49.95%
16		20,000	\$ 60.50	\$ 90.50	\$ 30.00	49.59%
17		25,000	\$ 74.00	\$ 110.20	\$ 36.20	48.92%
18	Tier One Rate:	30,000	\$ 87.50	\$ 129.90	\$ 42.40	48.46%
19	Tier Two Rate:	35,000	\$ 101.00	\$ 149.60	\$ 48.60	48.12%
20	Tier Three Rate:	40,000	\$ 114.50	\$ 169.30	\$ 54.80	47.86%
21		45,000	\$ 128.00	\$ 189.00	\$ 61.00	47.66%
22	Tier One Breakover (M gal):	3	\$ 141.50	\$ 208.70	\$ 67.20	47.49%
23	Tier Two Breakover (M gal):	10	\$ 168.50	\$ 248.10	\$ 79.60	47.24%
24		70,000	\$ 195.50	\$ 287.50	\$ 92.00	47.06%
25		80,000	\$ 222.50	\$ 326.90	\$ 104.40	46.92%
26		90,000	\$ 249.50	\$ 366.30	\$ 116.80	46.81%
27		100,000	\$ 276.50	\$ 405.70	\$ 129.20	46.73%
28						
29		Average Usage				
30		4,656	\$ 21.48	\$ 33.04	\$ 11.56	53.82%
31		Median Usage				
32		2,470	\$ 16.82	\$ 26.05	\$ 9.23	54.88%
33						
34						

Aubrey Water Company
Test Year Ended December 31, 2014
Typical Bill Analysis

Exhibit:

Settlement 5-YR
Schedule H-4

Third Step - Year 3

Class: Residential
Meter Size: 5/8" x 3/4"

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	<u>Present Rates:</u>	-	\$ 12.50	\$ 22.66	\$ 10.16	81.28%
2	Base Charge:	1,000	\$ 14.25	\$ 25.81	\$ 11.56	81.12%
3		2,000	\$ 16.00	\$ 28.96	\$ 12.96	81.00%
4		3,000	\$ 17.75	\$ 32.11	\$ 14.36	80.90%
5	Tier One Rate:	4,000	\$ 20.00	\$ 36.16	\$ 16.16	80.80%
6	Tier Two Rate:	5,000	\$ 22.25	\$ 40.21	\$ 17.96	80.72%
7	Tier Three Rate:	6,000	\$ 24.50	\$ 44.26	\$ 19.76	80.65%
8		7,000	\$ 26.75	\$ 48.31	\$ 21.56	80.60%
9	Tier One Breakover (M gal):	3	\$ 29.00	\$ 52.36	\$ 23.36	80.55%
10	Tier Two Breakover (M gal):	10	\$ 31.25	\$ 56.41	\$ 25.16	80.51%
11		10,000	\$ 33.50	\$ 60.46	\$ 26.96	80.48%
12		12,000	\$ 38.90	\$ 69.92	\$ 31.02	79.74%
13		14,000	\$ 44.30	\$ 79.38	\$ 35.08	79.19%
14	<u>Proposed Rates:</u>	16,000	\$ 49.70	\$ 88.84	\$ 39.14	78.75%
15	Base Charge:	18,000	\$ 55.10	\$ 98.30	\$ 43.20	78.40%
16		20,000	\$ 60.50	\$ 107.76	\$ 47.26	78.12%
17		25,000	\$ 74.00	\$ 131.41	\$ 57.41	77.58%
18	Tier One Rate:	30,000	\$ 87.50	\$ 155.06	\$ 67.56	77.21%
19	Tier Two Rate:	35,000	\$ 101.00	\$ 178.71	\$ 77.71	76.94%
20	Tier Three Rate:	40,000	\$ 114.50	\$ 202.36	\$ 87.86	76.73%
21		45,000	\$ 128.00	\$ 226.01	\$ 98.01	76.57%
22	Tier One Breakover (M gal):	3	\$ 141.50	\$ 249.66	\$ 108.16	76.44%
23	Tier Two Breakover (M gal):	10	\$ 168.50	\$ 296.96	\$ 128.46	76.24%
24		70,000	\$ 195.50	\$ 344.26	\$ 148.76	76.09%
25		80,000	\$ 222.50	\$ 391.56	\$ 169.06	75.98%
26		90,000	\$ 249.50	\$ 438.86	\$ 189.36	75.90%
27		100,000	\$ 276.50	\$ 486.16	\$ 209.66	75.83%
28						
29		Average Usage				
30		4,656	\$ 21.48	\$ 38.82	\$ 17.34	80.73%
31		Median Usage				
32		2,470	\$ 16.82	\$ 30.44	\$ 13.62	80.98%
33						
34						

Aubrey Water Company
Test Year Ended December 31, 2014
Typical Bill Analysis

Exhibit:

Settlement 5-YR
Schedule H-4

Fourth Step - Year 4

Class: Residential
Meter Size: 5/8" x 3/4"

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	<u>Present Rates:</u>	-	\$ 12.50	\$ 25.68	\$ 13.18	105.44%
2	Base Charge:	1,000	\$ 14.25	\$ 29.36	\$ 15.11	106.04%
3		2,000	\$ 16.00	\$ 33.04	\$ 17.04	106.50%
4		3,000	\$ 17.75	\$ 36.72	\$ 18.97	106.87%
5	Tier One Rate:	4,000	\$ 20.00	\$ 41.45	\$ 21.45	107.25%
6	Tier Two Rate:	5,000	\$ 22.25	\$ 46.18	\$ 23.93	107.55%
7	Tier Three Rate:	6,000	\$ 24.50	\$ 50.91	\$ 26.41	107.80%
8		7,000	\$ 26.75	\$ 55.64	\$ 28.89	108.00%
9	Tier One Breakover (M gal):	3	\$ 29.00	\$ 60.37	\$ 31.37	108.17%
10	Tier Two Breakover (M gal):	10	\$ 31.25	\$ 65.10	\$ 33.85	108.32%
11		10,000	\$ 33.50	\$ 69.83	\$ 36.33	108.45%
12		12,000	\$ 38.90	\$ 80.87	\$ 41.97	107.89%
13		14,000	\$ 44.30	\$ 91.91	\$ 47.61	107.47%
14	<u>Proposed Rates:</u>	16,000	\$ 49.70	\$ 102.95	\$ 53.25	107.14%
15	Base Charge:	18,000	\$ 55.10	\$ 113.99	\$ 58.89	106.88%
16		20,000	\$ 60.50	\$ 125.03	\$ 64.53	106.66%
17		25,000	\$ 74.00	\$ 152.63	\$ 78.63	106.26%
18	Tier One Rate:	30,000	\$ 87.50	\$ 180.23	\$ 92.73	105.98%
19	Tier Two Rate:	35,000	\$ 101.00	\$ 207.83	\$ 106.83	105.77%
20	Tier Three Rate:	40,000	\$ 114.50	\$ 235.43	\$ 120.93	105.62%
21		45,000	\$ 128.00	\$ 263.03	\$ 135.03	105.49%
22	Tier One Breakover (M gal):	3	\$ 141.50	\$ 290.63	\$ 149.13	105.39%
23	Tier Two Breakover (M gal):	10	\$ 168.50	\$ 345.83	\$ 177.33	105.24%
24		70,000	\$ 195.50	\$ 401.03	\$ 205.53	105.13%
25		80,000	\$ 222.50	\$ 456.23	\$ 233.73	105.05%
26		90,000	\$ 249.50	\$ 511.43	\$ 261.93	104.98%
27		100,000	\$ 276.50	\$ 566.63	\$ 290.13	104.93%
28						
29		Average Usage				
30		4,656	\$ 21.48	\$ 44.55	\$ 23.07	107.40%
31		Median Usage				
32		2,470	\$ 16.82	\$ 34.77	\$ 17.95	106.72%
33						
34						

Aubrey Water Company
Test Year Ended December 31, 2014
Typical Bill Analysis

Exhibit:

Settlement 5-YR
Schedule H-4

Final Step - Year 5

Class: Residential
Meter Size: 5/8" x 3/4"

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 12.50	\$ 28.50	\$ 16.00	128.00%
2	Base Charge:	1,000	\$ 14.25	\$ 32.70	\$ 18.45	129.47%
3		2,000	\$ 16.00	\$ 36.90	\$ 20.90	130.63%
4		3,000	\$ 17.75	\$ 41.10	\$ 23.35	131.55%
5	Tier One Rate:	4,000	\$ 20.00	\$ 46.50	\$ 26.50	132.50%
6	Tier Two Rate:	5,000	\$ 22.25	\$ 51.90	\$ 29.65	133.26%
7	Tier Three Rate:	6,000	\$ 24.50	\$ 57.30	\$ 32.80	133.88%
8		7,000	\$ 26.75	\$ 62.70	\$ 35.95	134.39%
9	Tier One Breakover (M gal):	3	\$ 29.00	\$ 68.10	\$ 39.10	134.83%
10	Tier Two Breakover (M gal):	10	\$ 31.25	\$ 73.50	\$ 42.25	135.20%
11		10,000	\$ 33.50	\$ 78.90	\$ 45.40	135.52%
12		12,000	\$ 38.90	\$ 91.50	\$ 52.60	135.22%
13		14,000	\$ 44.30	\$ 104.10	\$ 59.80	134.99%
14	Proposed Rates:	16,000	\$ 49.70	\$ 116.70	\$ 67.00	134.81%
15	Base Charge:	18,000	\$ 55.10	\$ 129.30	\$ 74.20	134.66%
16		20,000	\$ 60.50	\$ 141.90	\$ 81.40	134.55%
17		25,000	\$ 74.00	\$ 173.40	\$ 99.40	134.32%
18	Tier One Rate:	30,000	\$ 87.50	\$ 204.90	\$ 117.40	134.17%
19	Tier Two Rate:	35,000	\$ 101.00	\$ 236.40	\$ 135.40	134.06%
20	Tier Three Rate:	40,000	\$ 114.50	\$ 267.90	\$ 153.40	133.97%
21		45,000	\$ 128.00	\$ 299.40	\$ 171.40	133.91%
22	Tier One Breakover (M gal):	3	\$ 141.50	\$ 330.90	\$ 189.40	133.85%
23	Tier Two Breakover (M gal):	10	\$ 168.50	\$ 393.90	\$ 225.40	133.77%
24		70,000	\$ 195.50	\$ 456.90	\$ 261.40	133.71%
25		80,000	\$ 222.50	\$ 519.90	\$ 297.40	133.66%
26		90,000	\$ 249.50	\$ 582.90	\$ 333.40	133.63%
27		100,000	\$ 276.50	\$ 645.90	\$ 369.40	133.60%
28						
29		Average Usage				
30		4,656	\$ 21.48	\$ 50.04	\$ 28.56	132.96%
31		Median Usage				
32		2,470	\$ 16.82	\$ 38.87	\$ 22.05	131.09%
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Exhibit 2

offer evidence of conduct or statements made in the course of negotiating this Agreement before this Commission, any other regulatory agency, or any court.


- 5.3 Neither this Agreement nor any of the positions taken in this Agreement by the Company or Staff may be referred to, cited, and/or relied upon as precedent in any proceeding before the Commission, any other regulatory agency, or any court for any purpose except to secure approval of this Agreement and enforce its terms.
- 5.4 To the extent any provision of this Agreement is inconsistent with any existing Commission order, rule or regulation, this Agreement shall control.
- 5.5 Each of the terms of this Agreement is in consideration of all other terms of this Agreement. Accordingly, the terms are not severable.
- 5.6 The Company and Staff shall make reasonable and good faith efforts necessary to obtain a Commission order approving this Agreement. The Company and Staff shall support and defend this Agreement before the Commission. Subject to Paragraph 4.4 above, if the Commission adopts an order approving all material terms of the Agreement, the Company and Staff will support and defend the Commission's order before any court or regulatory agency in which it may be at issue.
- 5.7 This Agreement may be executed in any number of counterparts and on separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Agreement may also be executed electronically or by facsimile.

DATED this 7th day of December, 2015.

ARIZONA CORPORATION COMMISSION

By 
Title Director, Utilities
Date 12/8/2015

AUBREY WATER COMPANY

By 
Title AWP Property & Regulation
Date 12/24/15

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Exhibit 3

PROPOSED AMENDMENT

IN THE MATTER OF THE APPLICATION OF BN LEASING CORPORATION D/B/A
AUBREY WATER COMPANY FOR A DETERMINATION OF THE FAIR VALUE OF ITS
UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND
CHARGES FOR UTILITY SERVICE BASED THEREON

DOCKET NO. W-03476A-15-0286

At page 2, line 21, INSERT:

- “10. On February 1, 2016, Company filed a Notice of Proposal to Extend Rate Phase-In Period, stating that after further considering the impact of the proposed rate increase on its customers and community of Seligman, the Company now believes that an extended rate phase-in is appropriate.”

At Page 5, line 1, INSERT:

- “22. Under the Company’s proposal to extend the rate phase-in period from three to five years, rates for all customers would be phased with twenty (20) percent of the revenue requirement phased in during each year of the five year phase-in period. During the phase in, the typical monthly bill for a 5/8 x 3/4 –inch meter residential water customer with median usage of 2,470 gallons would increase from \$16.82 to \$21.69 in year one; \$26.05 in year two; \$30.44 in year three; \$34.77 in year four and \$38.87 in year five.”

At Page 5, line 14, INSERT after the word “Agreement”:

“as modified by the Company’s proposal to extend the rate phase-in period to five years,”

At Page 6, line 11, INSERT after the words “Exhibit A”:

“as modified by the Company’s proposal to extend the rate phase-in period, with revised schedules H attached hereto as Exhibit B,”

At Page 6, line 14, INSERT after the words “Exhibit A”:

“and modified by Exhibit B.”

At Page 8, line 4, INSERT:

"IT IS FURTHER ORDERED that BN Leasing Corporation d/b/a Aubrey Water Company shall file a revised copy of the Settlement Agreement that correctly reflects the changes made thereto within thirty (30) days of the effective date of this Decision."

MAKE ALL CONFORMING CHANGES